

***United States Court of Appeals
for the Second Circuit***



**APPELLANT'S
REPLY BRIEF**

76-7245

IN THE
United States Court of Appeals
FOR THE SECOND CIRCUIT
No. 76-7245

B
P/S

SCOA INDUSTRIES INC.,

Plaintiff-Appellant,

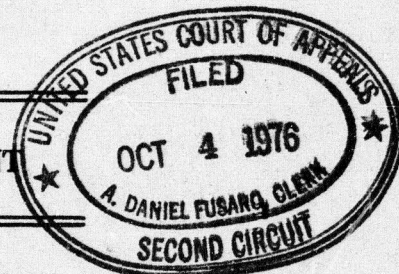
—v.—

FAMOLARE, INC.,

Defendant-Appellee.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

REPLY BRIEF FOR PLAINTIFF-APPELLANT



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IN THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

-----x
SCOA INDUSTRIES INC., :
Plaintiff-Appellant, :
v. : Appeal No. 76-7245
FAMOLARE, INC., : Appeal in 75 Civ. 3357
Defendant-Appellee. : (S.D.N.Y.)
-----x

REPLY BRIEF FOR PLAINTIFF-APPELLANT

The brief of defendant-appellee, Famolare, Inc., contains numerous factual misstatements and erroneous legal conclusions, which are dealt with below. It does not, however, seriously dispute the de minimis nature of the alleged trademark infringement which led to the injunction granted by the District Court.

The following facts remain undisputed:

1. The only publication, advertising, or other announcement to the trade which referred to Famolare's "Get There" trademark was the single small advertisement in the Visalia Times Delta, (167a), which advertisement was never repeated.

2. The District Court's decision relies on Famolare's affidavits and exhibits which were either withheld until the March 25 reply brief or first presented March 26 (the hearing date) to enhance their surprise value and to prevent rebuttal.

3. The sole witness heard by the Court was Mrs. Paula Shepherd, an employee of SCOA's competitor, who testified as to a single transaction, and whose testimony was unrelated to the motion as originally made.

4. No evidence was ever presented from a bona fide customer in support of the Motion for Preliminary Injunction.

5. The evidence was presented to an admittedly overburdened court which rendered a bench decision relying on documentary evidence first presented at the hearing and permitted its findings to be prepared by prevailing counsel.

THE ESSENTIAL FACTS RELIED ON BY
APPELLEE ARE UNSUPPORTED BY THE RECORD

The argument presented by Famolare would give the erroneous impression that SCOA has been widely using the "Get There" trademark, and commenced this litigation with the avowed purpose of contesting its validity. Nothing in the record supports such a contention or conclusion. As pointed out in our principal brief (page 3), the District Court recognized that, as late as February 13, 1976, SCOA did not use any

words similar to "Get There" (8a). The complaint in this case is directed to Famolare's patents with which SCOA, its customers and prospective customers have been threatened. The complaint (5a) concludes with a catch-all paragraph alleging that no valid trademarks or copyrights have been infringed, as Famolare had charged. Indeed, to make the "Get There" trademark an issue, Famolare sought, as part of its Order to Show Cause, the right to add a second supplemental counterclaim (12a).

Famolare's erroneous conclusion that "SCOA has a practice of using the trademark of others...." (item 4, page 13), is based solely on internal documents disseminated only within SCOA's organization, which documents were first presented to the Court at the hearing on March 26, 1976. No explanation or factual basis is given as to how such internal documents can be connected with the isolated Visalia incident, occurring many months later, or with any possible external use of the words "Get There" by SCOA. Indeed, insofar as the documents and exhibits may refer to trademarks of others, they are wholly irrelevant to the present motion, although the Court admitted them because there was no jury (82a).

Famolare also makes the highly exaggerated and untrue claim that SCOA shoes "are of inferior quality". The claim is based solely on the testimony of Mrs. Paula Shepherd, the employee of SCOA's competitor, and no attempt was made to qualify the witness as an expert on shoe quality. Having tried

on one SCOA shoe, she testified that her employer's shoe was more comfortable than SCOA's shoe (p. 59a). This is hardly a basis for the sweeping conclusion that SCOA shoes are of inferior quality. While SCOA's shoe cost less, and may be made of vinyl instead of leather (60a), no expert in the shoe business ever testified as to relative quality.

Famolare, after relying on its own affidavits, failed to convince the District Court that SCOA's affidavits were not credible (85a, 187a). Showing its concern for the documentary record, it now attacks the credibility of SCOA's affidavits by relying on its counsel's last-minute flurry of self-serving letters to complain that SCOA did not permit Famolare a full and fair opportunity to cross-examine certain of SCOA's affiants (p. 24). This was not so. SCOA's affidavits were submitted with its brief, which was filed and served on March 4, 1976 (3a). Thereupon, Famolare's counsel requested an extension of time on the Order to Show Cause. On March 11, depositions of plaintiff-appellant's employees who submitted affidavits in opposition to the Motion were noticed. Two of these employees lived and worked in California and one in Ohio, and Famolare's counsel was promptly advised that they would be available at these locations for the taking of their depositions. Instead of doing this, Famolare's counsel, on his own initiative, adjourned the depositions and then, on 48-hour notice, notified

SCOA he would really like to have these witnesses at an evidentiary hearing (160a, 161a). Famolare had the affidavits since March 4, and knew the documents were in California and Ohio. Obviously, they could have been produced with these witnesses had Famolare's counsel really been interested in taking the depositions.

The eleventh-hour offer to adjourn the hearing was specious. The Court affirmed that it was not going to permit a third adjournment of a Motion for Preliminary Injunction brought on by an Order to Show Cause and was perfectly willing to accept SCOA's affidavits (85a).

The District Judge accepted affidavits from both sides, and granted the injunction relying on the documentary evidence in the form of affidavits and exhibits. Each of the affidavits on Appendix pages 142a-145a, and now relied on by Famolare, were withheld until the day before the hearing and the affidavits and exhibits on Appendix pages 120a-124a and 146a-156a, were first presented at the hearing, so as to maximize their surprise effect. Only the Conway affidavit was part of the original motion.

The surprise testimony of Paula Shepherd on March 26 relating to events occurring February 5 or 6, for the first time brought up an issue never raised in any of the briefs, even in the reply brief submitted the day before the March 26 hearing.

Indeed, none of the SCOA affiants, even if they took a last-minute cross-country trip to appear and satisfy Famolare's counsel, was the person having direct knowledge of this transaction (73a). SCOA's counsel's remark that such witnesses couldn't have helped rebut this testimony is grossly mischaracterized in Famolare's brief (p. 23).

Famolare's tactics took best advantage of what its brief describes as "an overburdened Court" (p. 24). Tactics, however, do not make substance, and Famolare has failed to cite a single authority supporting the granting of a Preliminary Injunction based on such de minimis activities as herein alleged.

There is no precedent for the grant of such extraordinary relief where there has been only one isolated, unauthorized and inadvertent publication (19a, 27a) of words of a trademark in a descriptive sense (167a), and where incidental internal mention of the words, many months earlier, and not communicated to the purchasing public, was totally unconnected to the acts complained of.

In a transparent attempt to improve its record, Famolare's brief tries to rely on its pending motion for contempt. Only when it became apparent that SCOA was intending to prosecute this appeal, was a motion for contempt brought, which motion was based, not on any advertising or usage of

the mark on SCOA's shoe, but on a scheme adopted in late June, in which unlicensed female investigators were hired to engage SCOA's shoe clerks in conversations to try to raise a contempt issue based on alleged oral usage of the words "Get There". At this juncture, the contempt issue is pending before the District Court and further comment would not be appropriate. The de minimis nature of the alleged trademark usage is also evident here, but the improvident injunction which broadly prohibits oral usage of "Get There" (181a) has, unfortunately, opened the door to this type of mischief. Famolare has tried, without success, to use the contempt motion as a means for delaying these appeal proceedings.

THE AUTHORITIES CITED BY FAMOLARE
DO NOT SUPPORT ITS POSITION

The Court below, in granting the injunction, did not concern itself with the issue of irreparable injury. Instead, Judge Wyatt was satisfied that the injunction was proper because it could not hurt SCOA (94a). Such reasoning is counter to the doctrine of the authorities cited in our main brief, and unsupported by any authority cited by Famolare.

Famolare's principal reliance is on Tefal, S.A. v. Products Intern. Co., 529 F.2d 495 (3rd Cir. 1976), and is misplaced. That case is readily distinguishable since it dealt with the situation where the parties used similar trademarks: "T-FAL" and "TEPAL" on kitchen utensils. There the issue of confusing similarity was decided for the plaintiff, and real injury could result. In the case at bar, there is no evidence whatever of competing trademarks or that any member of the public has been confused. Famolare's position is not supported by a single bona fide customer; only the testimony of an employee of SCOA's Visalia competitor is relied on. In a similar situation where trademark infringement was alleged to have occurred at the retail level, the 7th Circuit Court of Appeals in Steem-Electric Corp. v. Herzfeld-Phillipson Co., (CCA 7, 1940), 118 F.2d 122, 124, stated:

"...Also, the testimony came, largely, if not entirely, from paid investigators employed by the plaintiff to obtain evidence, and from wholesale and retail dealers who were agents for the sale and distribution of plaintiff's iron. While, no doubt, testimony obtained subsequent to the commencement of the suit was properly admissible, yet we are of the opinion that its weight was, to some extent, impaired. Likewise not controlling, but of some significance, is the fact that not a single bona fide customer for plaintiff's iron testified in behalf of the plaintiff." (Emphasis added).

In Triangle Publications v. Rohrlich, (CCA 2, 1948)
167 F.2d 969, 977 Judge Frank vigorously dissented from the
majority opinion noting, among other things:

"The evidence to which the trial judge
resorted is this: Plaintiff called as witnesses
four girls, three of 'teen-age', whom plaintiff
had sent out to buy Miss Seventeen Foundation
Girdles (i.e., defendant's product). Under
instructions from plaintiff, each of these girls
before making a purchase, asked the sales clerk
whether there was any connection between those
girdles and ~~Seventeen~~ magazine. In each instance,
the clerk, perceiving from the question that an
affirmative answer would help to bring about a
sale, gave that answer. Had the question been
'slanted' towards a negative answer, doubtless
such an answer would have been given. Plaintiff
paid these witnesses for their investigations and
for testifying. I think this testimony is value-
less, as my colleagues' silence concerning it
indicates....".

Reliance on Hills Bros. Coffee, Inc. v. Hills
Supermarkets, Inc., 428 F.2d 379 (2 Cir. 1970), by defendant-
appellee is also misplaced as that case concerned competing
labels used on two brands of coffee that were likely to lead
to confusion. It has nothing to do with the instant fact
situation.

The Safeway Stores case, 307 F.2d 495 (2 Cir. 1962),
cited by Famolare (p. 18) involved the use of the name "Safeway"
itself by a real estate dealer and the issue was whether such

use in the real estate business was an infringement of the "Safeway" trademark. While Safeway is relied on to support an "abuse of discretion" test, this Court's view is more fully set forth in W. E. Bassett Company v. Revlon, Inc., 354 F.2d 868, 871 (2 Cir. 1966) where it is stated:

"We have made it clear that, despite the wide discretion accorded the trial court with respect to preliminary injunctions, their grant or denial is subject to meaningful appellate review. See Carroll v. American Federation of Musicians, 295 F.2d 484, 488 (2 Cir. 1961).

In the Bassett case, the irreparable injury test was strictly applied and the preliminary injunction was modified.

Plaintiff-appellant, SCOA, submits that the affidavits and documentary record, if carefully read and analyzed away from the pressures of a crowded courtroom, do not support the grant of this extraordinary relief, and that the District Court erred in relying on its quick perusal of the documentary record in granting the preliminary injunction.

Indeed, the Shepherd testimony was not relevant to the motion as originally brought and, even if accepted in a light favorable to Famolare, could not properly form the basis for the injunction. Unfortunately, the overburdened court give it more weight than it could possibly deserve.

C O N C L U S I O N

The preliminary injunction should be vacated.

Respectfully submitted,

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Two ②
Service of ~~three~~ ⑤ copies of the within REPLY BRIEF
is admitted this 4th day of OCTOBER 1976

Copy Received Bruno B. Goodman
OCT 4, 1976 DEFENDANT-APPELLEE
3:30 p.m.